

# 3 Ways to Implement Buffer ETFs™ for 2022

Heading into 2022, equities are at record highs and many investors remain fearful of rising interest rates and inflation. Buffer ETFs™ seek to provide investors market upside, to a cap, with built-in buffers against market downturns and do not carry interest rate or credit risk.

Below are three ways to implement Buffer ETFs™ as part of your upcoming rebalance.

## 1 REPLACE EXCESS EQUITY EXPOSURE WITH BUFFER ETFs™

As equities have appreciated in 2021 and bonds have fallen, most portfolios are overexposed to equities. Despite elevated equity markets, many advisors today still favor equities over bonds. Rather than take a traditional approach and sell equities to buy bonds, advisors should consider Innovator Buffer ETFs™ which can keep them invested in equities while seeking to buffer against loss.

### 2021: CURRENT STATE OF THE 60/40



Equities	60%
Excess Equities	4%
Bonds	36%

For Illustrative Purposes Only.

## 2 TAX LOSS HARVEST BONDS, CONSIDER A MOVE TO BUFFER ETFs™

Bonds have largely exhibited negative performance in 2021 and present an opportunity to harvest losses. Unlike bonds, Buffer ETFs™ do not provide income and don't formally receive par at maturity. Additionally, they do not carry bond interest rate risk. This balance between growth potential, known built-in buffers, and no direct interest rate risk may make Buffer ETFs™ an opportunity to consider.

YTD through 12.31.2021	PJAN	UJAN	Core Bonds <sup>1</sup>	Corporates <sup>1</sup>	High Yield <sup>1</sup>	U.S. Treasuries <sup>1</sup>	S&P 500
NAV Return	8.87%	5.91%	-1.63%	-1.49%	4.48%	-3.13%	28.68%
Volatility <sup>2</sup>	4.80%	3.75%	3.50%	5.85%	2.39%	5.13%	13.09%
Max Drawdown <sup>3</sup>	-2.25%	-1.35%	-3.88%	-6.44%	-2.20%	-5.83%	-5.12%

**Source:** Bloomberg L.P. as of 12.31.2021. Performance quoted represents past performance, which is no guarantee of future results. Investment returns and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. Visit [innovatoretfs.com](http://innovatoretfs.com) for current month-end performance.

<sup>1</sup>Core bonds represented by the ICE BofA US Corp, Govt & Mtg Index, Corporates by the iBoxx USD Liquid Investment Grade Index, High Yield by the iBoxx USD Liquid High Yield Index, and U.S. Treasuries by the ICE U.S. Treasury 7-10 Year Bond Index.

<sup>2</sup>Volatility: A statistical measure of the dispersion of returns for a given security or market index.

<sup>3</sup>Max drawdown: The maximum observed loss from a peak to a trough of a portfolio, before a new peak is attained.

The referenced indices are shown for general market comparisons. Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. Each of these indices represent asset classes that have their own set of characteristics and risks that may differ from actual investments and investors should consider these risks carefully prior to making any investment decisions.

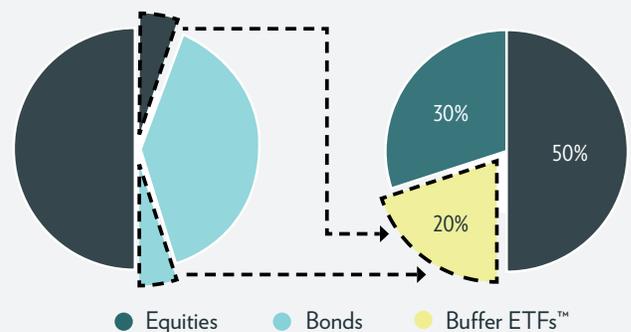
Comparisons to indexes have limitations. Particularly, index results do not represent actual trading or any material economic and market factors that might have had an impact on an adviser's decision making. The data shown does not reflect or compare features of an actual investment, such as its objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, or tax features.

PJAN and UJAN seek to track the return of the SPDR S&P 500 ETF Trust (SPY) up to a predetermined cap, while buffering investors against the first 15% or 30% (-5% to -35%) of losses over the outcome period.

## 3 REALLOCATE SOME OF YOUR EQUITY & BOND EXPOSURE TO BUFFER ETFs™

As Buffer ETFs™ fall somewhere between equities and bonds in the risk spectrum, one practical strategy to add them to your portfolio is to simply replace a portion of your equities and bonds. As mentioned above, Buffer ETFs™ seek to keep you invested in equities while seeking to buffer against loss, while avoiding the interest rate risk associated with bonds.

### REPLACING EQUITIES & BONDS WITH BUFFER ETFs™





	YTD	1 Year	3 Year	5 Year	Since Inception
PJAN NAV	8.87%	8.87%	9.86%	-	9.86%
PJAN Closing Price	8.80%	8.80%	9.88%	-	9.88%
UJAN NAV	5.91%	5.91%	7.97%	-	7.97%
UJAN Closing Price	5.79%	5.79%	7.99%	-	7.99%

Data as of 12/31/2021. PJAN and UJAN inception on 12/31/2018. PJAN and UJAN's expense ratio is 0.79%. Closing price returns are based on the bid/ask spread at 4 p.m. ET. and do not represent the returns an investor would receive if shares were traded at other times. Performance quoted represents past performance, which is no guarantee of future results. Investment returns and principal value will fluctuate, so you may have a gain or loss when shares are sold. Current performance may be higher or lower than that quoted. For performance date current to the most recent month end please visit [www.innovatoretfs.com](http://www.innovatoretfs.com). Short-term performance may often reflect conditions that are likely not sustainable, and thus such performance may not be repeated in the future.

- 1. iBoxx USD Liquid Investment Grade Index:** Tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market. corporate bond market.
- 2. ICE BofA US Corp., Govt & Mortgage Index:** Tracks the performance of US dollar- denominated investment grade debt publicly issued in the US domestic market, including US Treasuries, quasi-gov, corporates, covered bonds and residential mortgage pass-throughs.
- 3. iBoxx USD Liquid High Yield Index:** Tracks the performance of US dollar denominated, sub-investment grade, corporate bond index.
- 4. ICE U.S. Treasury 7-10 Year Bond Index:** Tracks the performance of US dollar denominated sovereign debt publicly issued by the US government in its domestic market.

**Investing involves risks. Loss of principal is possible.** The Funds face numerous market trading risks, including active markets risk, authorized participation concentration risk, buffered loss risk, cap change risk, capped upside return risk, correlation risk, liquidity risk, management risk, market maker risk, market risk, non-diversification risk, operation risk, options risk, trading issues risk, upside participation risk and valuation risk. For a detail list of fund risks see the prospectus.

**FLEX Options Risk.** The Funds will utilize FLEX Options issued and guaranteed for settlement by the OCC (Options Clearing Corporation) . In the unlikely event that the OCC becomes insolvent or is otherwise unable to meet its settlement obligations, the Fund could suffer significant losses. Additionally, FLEX Options may be less liquid than standard options. In a less liquid market for the FLEX Options, the Fund may have difficulty closing out certain FLEX Options positions at desired times and prices.

The Funds seek to provide shareholders that hold shares for the entire Outcome Period with their respective buffer level against reference asset losses during the Outcome Period. You will bear all reference asset losses exceeding the buffer. Depending upon market conditions at the time of purchase, a shareholder that purchases shares after the Outcome Period has begun may also lose their entire investment. For instance, if the Outcome Period has begun and the Fund has decreased in value beyond the pre-determined buffer, an investor purchasing shares at that price may not benefit from the buffer. Similarly, if the Outcome Period has begun and the Fund has increased in

value, an investor purchasing shares at that price may not benefit from the buffer until the Fund's value has decreased to its value at the commencement of the Outcome Period.

Fund shareholders are subject to an upside return cap (the „Cap“) that represents the maximum percentage return an investor can achieve from an investment in the funds' for the Outcome Period, before fees and expenses. If the Outcome Period has begun and the Fund has increased in value to a level near to the Cap, an investor purchasing at that price has little or no ability to achieve gains but remains vulnerable to downside risks. Additionally, the Cap may rise or fall from one Outcome Period to the next. The Cap, and the Fund's position relative to it, should be considered before investing in the Fund. The Funds' website, [www.innovatoretfs.com](http://www.innovatoretfs.com), provides important Fund information as well as information relating to the potential outcomes of an investment in a Fund on a daily basis.

**The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information, and may be obtained by calling 800.208.5212 or visiting [innovatoretfs.com](http://innovatoretfs.com). Read it carefully before investing.**

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